

Members

Sen. Marvin Riegsecker, Chairperson
Sen. David Long
Sen. Timothy Lanane
Sen. Frank Mrvan
Rep. Robert Kuzman, Vice-Chairperson
Rep. Dennis Avery
Rep. Thomas Saunders
Rep. Robert Alderman
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Paul Ricketts
John Brown
Mark D. Becker
James L. Moore
Hon. Linda M. Buzinec
Chief Kris Wolski
Matthew Taylor



LOCAL GOVERNMENT EFFICIENCY AND FINANCING STUDY COMMISSION

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Authority: P.L. 64-2004

MEETING MINUTES¹

Meeting Date: October 20, 2004
Meeting Time: 1:00 P.M.
Meeting Place: State House, 200 W. Washington
St., Senate Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 4

Members Present: Sen. Marvin Riegsecker, Chairperson; Sen. Timothy Lanane; Sen. Frank Mrvan; Rep. Robert Kuzman, Vice-Chairperson; Rep. Dennis Avery; Rep. Robert Alderman; Ron Spencer; Mike Benham; Debbie Lewis; Mark Catanzarite; Stephen J. Luecke; Phil Stiver; Jean Lushin; Paul Ricketts; Mark D. Becker; James L. Moore; Hon. Linda M. Buzinec; Chief Kris Wolski; Matthew Taylor.

Members Absent: Sen. David Long; Rep. Thomas Saunders; Sam Talarico, Jr.; John Brown.

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Chairman Riegsecker convened the meeting shortly after 1:00 P.M. He briefly described the topics that the Commission had studied, and he explained that the Commission would meet again after the legislative session, with a new chairman named by the Speaker of the House of Representatives.

I. Testimony of Paul Ricketts (Lawrence Township (Marion County) Assessor)

Mr. Ricketts (a member of the Commission) began by commenting that the biggest problem facing township assessors is that the assessing system had been "broken" for 20 years. He stated that some jurisdictions are not following the assessment manual. He also described township assessors as being on the "firing line" during the reassessment, and he noted that many assessors had been forced to teach themselves the new assessment rules.

Mr. Ricketts said that he did not see the positive side of doing away with assessment at the township level. He stated that citizens would rather talk to a local official who knows their own neighborhood, rather than someone at a central office.

In reply to a question from Senator Lanane, Mr. Ricketts suggested that some trustee-assessors might be interested in giving up real property assessment duties.

II. Testimony of Linda Williams (Adams Township (Hamilton County) Trustee-Assessor)

Ms. Williams testified regarding the duties of trustee-assessors. She explained to the Commission the requirement that assessors must be certified as Level 2 assessors-appraisers.

In reply to a question from Representative Kuzman, Ms. Williams commented that the training necessary for a Level 2 certification may not be needed in some rural areas of the state. In answer to a question from Senator Lanane, she explained that she was a full-time trustee-assessor, with one part-time employee, and that approximately one-half of her work involved assessor duties.

Ms. Williams stated that most assessment disputes are resolved on an informal basis. She also commented that the township should determine what level of certification is appropriate for assessors.

III. Testimony of Dr. Maureen Pirog (Indiana University)

The Commission heard testimony from Dr. Maureen Pirog of Indiana University concerning the 1999 COMPETE study and the 2004 update. Dr. Pirog began her testimony by explaining that she had not been asked to comment on specific proposals in the COMPETE study, but only to review the soundness of the study's analysis.

She stated that the COMPETE study contains a number of methodological problems that undermine the reliability of the cost and savings estimates in the report. She criticized the COMPETE report as generally failing to meet professional standards, and she highlighted a number of issues related to the report (inadequate sample size; using financial figures based on appropriations, not actual expenses; failing to describe sources of information; unrealistic assumptions that oversimplify the complexity of local government; and ignoring relevant data).

She noted as an example that the COMPETE study used an unsubstantiated administrative cost rate for FSSA in the study's analysis of poor relief costs. She stated

that she was unable to replicate the figures, She also testified that the study counted township case management services and in-kind assistance as administrative expenses, rather than program expenses, which would underestimate the value of poor relief and overestimate the costs of providing those services.

Dr. Pirog stated that the studies did not meet professional standards for cost-benefit analysis or program evaluation.

Senator Lanane questioned Dr. Pirog concerning the COMPETE study's premise that there could be cost savings that result from streamlining government. Dr. Pirog responded that she was not convinced concerning the savings that would occur. She said that, for example, the costs savings from closing local offices may be spent in establishing other local "ports" of delivery.

Representative Kuzman asked Dr. Pirog whether her report made recommendations concerning how to save the taxpayers' money. She replied that it did not, and that it takes a great deal of time to gather the necessary data. She said that her objective had been to review the methods and assumptions of the COMPETE study.

IV. Testimony of Mark Lawrance (Indiana State Chamber of Commerce)

Mr. Lawrance began by explaining that during the Commission's first meeting, he and Cris Johnston had presented the findings of the recent update of the COMPETE report.

Mr. Lawrance stated that he wished to clear up a misunderstanding in Dr. Pirog's report that the Indiana Chamber of Commerce had made the 32 recommendations in the original COMPETE study. He said that these recommendations actually came an 18-member advisory board that included a mayor, township trustee, city council member, county assessor, county commissioner, state representative, and state senator. He commented that the accounting firm of Crowe Chizek, which conducted the COMPETE study, does understand local government and its accounting methods and services.

Mr. Lawrance testified that not much had happened with the original COMPETE recommendations, and that the purpose of the recent update of the COMPETE study was to generate dialogue concerning the potential savings that might be realized if some of the original recommendations of COMPETE were implemented. He stated that the discussions regarding what structure of local government is optimum for Indiana communities was a healthy process, and that Hoosiers deserve government that eliminates duplication, moves quicker, and adapts to changing priorities.

In answer to a question from Representative Alderman, Mr. Lawrance stated that the Indiana State Chamber of Commerce had not taken an official position on Governor Kernan's proposals concerning FSSA.

V. Testimony of Cris Johnston (Crowe Chizek)

Mr. Johnston stated that the objectives of both the 1999 and 2004 COMPETE reports were to promote discussion. He testified that Crowe Chizek stood behind the reports.

He disagreed with the suggestion that the sources of information and methodology were not disclosed and he commented that all information was public information. He testified that the reports used information from Department of Local Government Finance's "LOGODABA" database and other public information (including information on government websites).

He addressed a number of issues raised by Dr. Pirog's report, including county jails and the costs of administering poor relief. He stated that the FSSA data used in the portion of the report concerning poor relief administrative costs is on the FSSA website. He suggested that the real questions were (1) what is a reasonable level of administrative costs; and (2) why did the ratio of administrative costs to direct assistance increase to \$0.90 from \$0.63 in 1997?

Mr. Johnston also stated that reasonable people may disagree on assumptions, but that this disagreement should not deter the higher level policy discussion.

In answer to a question from Representative Alderman, Mr. Johnston stated that Crowe Chizek was not involved in developing Governor Kernan's proposals concerning the streamlining of state government. Rep. Alderman questioned whether transferring responsibilities to larger units of government was compatible with Governor Kernan's proposals to reduce the amount of bureaucracy in government.

Representative Avery stated that he was concerned with the lack of attribution of sources in the COMPETE reports.

VI. Testimony of Rita Steele (Jasper County Auditor; Pres. of the Auditors Ass'n.)

Ms. Rita Steele briefly addressed the concept of amending the Indiana Constitution to allow the General Assembly to abolish or change elected county offices that are currently required by the Constitution. She stated that this could remove the checks and balances that are in place in local government, and she noted that elected county officials are accountable to voters. Ms. Steele said that she believed that the operations of county auditors were streamlined, and she questioned why the efficiency of cities and towns had not been included in the COMPETE study.

VII. Testimony of Connie Pribble (Wayne County Assessor)

Ms. Connie Pribble testified briefly concerning the duties of county assessors and township assessors. Ms. Pribble stated that there are currently different types of arrangements between county assessors and township assessors, and that in some counties the county assessors contract with township assessors to have the county assessor perform the assessment.

VIII. Review and Vote on Annual Report

The commission then reviewed the draft copy of the annual report that had been mailed to commission members prior to the meeting. The chairman noted that the report did not include any recommendations or findings by the commission.

Representative Kuzman made a motion to approve the report, and the motion was seconded by Mr. Rickets. The commission members approved the draft report unanimously by voice vote.

IX. Approval of the Minutes

The Commission by voice vote approved the draft minutes of its third meeting.

X. Adjournment

Chairman Riegsecker thanked the members of the Commission for their work. Mr. Lushin

also thanked the commission members for their efforts. There being no further business, the Chairman adjourned the meeting shortly after 3:00 P.M.